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(Original Signature of Member)

107TH CONGRESS
1ST SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Ms. DUNN introduced the following bill; which was referred to the Committee
on _____

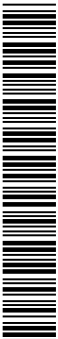
A BILL

To amend the Internal Revenue Code of 1986 to provide
a credit against tax for qualified energy management
devices, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Energy Efficiency and
5 Conservation Incentives Act of 2001”.



1 **SEC. 2. ALLOWANCE OF DEDUCTION FOR QUALIFIED EN-**
2 **ERGY MANAGEMENT DEVICES AND RETRO-**
3 **FITTED QUALIFIED METERS.**

4 (a) IN GENERAL.—Part VI of subchapter B of chap-
5 ter 1 of the Internal Revenue Code of 1986 (relating to
6 itemized deductions for individuals and corporations) is
7 amended by inserting after section 179A the following new
8 section:

9 **“SEC. 179B. DEDUCTION FOR QUALIFIED ENERGY MANAGE-**
10 **MENT DEVICES AND RETROFITTED METERS.**

11 “(a) ALLOWANCE OF DEDUCTION.—There shall be
12 allowed as a deduction—

13 “(1) an amount equal to \$30 for each qualified
14 energy management device originally placed in serv-
15 ice during the taxable year, and

16 “(2) for each qualified retrofitted meter origi-
17 nally placed in service during the taxable year, an
18 amount equal to the lesser of—

19 “(A) \$30, or

20 “(B) the adjusted basis of such meter.

21 “(b) DEFINITIONS.—

22 “(1) QUALIFIED ENERGY MANAGEMENT DE-
23 VICE.—For purposes of this section, the term ‘quali-
24 fied energy management device’ means any meter or
25 metering device acquired and used by an electric en-
26 ergy or natural gas supplier or service provider to



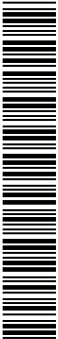
1 enable consumers or others to manage their pur-
2 chase, sale, or use of electricity or natural gas in re-
3 sponse to energy price and usage signals.

4 “(2) QUALIFIED RETROFITTED METER.—For
5 purposes of this section, the term ‘qualified retro-
6 fitted meter’ means an electric energy or natural gas
7 meter or metering device that has been modified by
8 the addition of equipment designed to enable users
9 to manage the purchase, sale, or use of electricity
10 and natural gas in response to energy price and
11 usage signals.

12 “(3) PLACED IN SERVICE.—For purposes of
13 this section, the term ‘placed in service’ means inter-
14 connected with other devices in a manner that per-
15 mits reading of energy price and usage signals on at
16 least a daily basis.

17 “(4) COST OF METERS INCLUDES COST OF IN-
18 STALLATION.—The cost of any qualified energy
19 management device or qualified retrofitted meter re-
20 ferred to in paragraph (1) or (2) shall include the
21 cost of the original installation of such property.

22 “(c) DEVICES INSTALLED OUTSIDE THE UNITED
23 STATES NOT QUALIFIED.—No deduction shall be allowed
24 under subsection (a) with respect to any qualified energy



1 management device or qualified retrofitted meter placed
2 in service outside the United States.

3 “(d) BASIS REDUCTION.—

4 “(1) IN GENERAL.—For purposes of this title,
5 the basis of any property shall be reduced by the
6 amount of the deduction with respect to such prop-
7 erty which is allowed by subsection (a).

8 “(2) ORDINARY INCOME RECAPTURE.—For
9 purposes of section 1245, the amount of the deduc-
10 tion allowable under subsection (a) with respect to
11 any property that is of a character subject to the al-
12 lowance for depreciation shall be treated as a deduc-
13 tion allowed for depreciation under section 167.”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) Section 263(a)(1) of such Code is amended
16 by striking “or” at the end of subparagraph (G), by
17 striking the period at the end of subparagraph (H)
18 and inserting “, or”, and by inserting after subpara-
19 graph (H) the following new subparagraph:

20 “(I) expenditures for which a deduction is
21 allowed under section 179B.”.

22 (2) Section 312(k)(3)(B) of such Code is
23 amended by striking “or 179A” each place it ap-
24 pears in the heading and text and inserting “, 179A,
25 or 179B”.



1 (3) Section 1016(a) of such Code is amended
2 by striking “and” at the end of paragraph (26), by
3 striking the period at the end of paragraph (27) and
4 inserting “, and”, and by inserting after paragraph
5 (27) the following new paragraph:

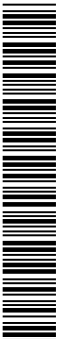
6 “(28) to the extent provided in section
7 179B(d)(1),”.

8 (4) Section 1245(a) of such Code is amended
9 by inserting “179B,” after “179A,” both places it
10 appears in paragraphs (2)(C) and (3)(C).

11 (5) The table of contents for subpart B of part
12 IV of subchapter A of chapter 1 of such Code is
13 amended by inserting after the item relating to sec-
14 tion 179A the following new item:

 “Sec. 179B. Deduction for qualified energy management devices
 and retrofitted meters.”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to qualified energy management
17 devices placed in service after the date of the enactment
18 of this Act and to qualified retrofitted meters that are
19 placed in service after, or that are in use as of, the date
20 of the enactment of this Act.



1 **SEC. 3. 3-YEAR APPLICABLE RECOVERY PERIOD FOR DE-**
2 **PRECIATION OF QUALIFIED ENERGY MAN-**
3 **AGEMENT DEVICES.**

4 (a) IN GENERAL.—Subparagraph (A) of section
5 168(e)(3) of the Internal Revenue Code of 1986 (relating
6 to classification of property) is amended by striking “and”
7 at the end of clause (ii), by striking the period at the end
8 of clause (iii) and inserting “, and”, and by adding at the
9 end the following new clause:

10 “(iv) any qualified energy manage-
11 ment device.”.

12 (b) DEFINITION OF QUALIFIED ENERGY MANAGE-
13 MENT DEVICE.—Section 168(i) of such Code (relating to
14 definitions and special rules) is amended by inserting at
15 the end the following new paragraph:

16 “(15) QUALIFIED ENERGY MANAGEMENT DE-
17 VICE.—The term ‘qualified energy management de-
18 vice’ means a meter or metering device that is ac-
19 quired and used by an electric energy or natural gas
20 supplier or service provider to enable consumers and
21 others to manage their purchase, sale, and use of
22 electricity or natural gas in response to energy price
23 and usage signals that are readable on at least a
24 daily basis. For purposes of the preceding sentence,
25 the cost of any qualified energy management device



1 shall (at the election of the taxpayer) include the
2 cost of the original installation of such property.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to property placed in service after
5 December 31, 2000.

